



Quarterly Revenue Update

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This report is a quarterly publication that provides an update on the collection of selected County revenues. For questions, please call (240) 777-8866.

- ***Fiscal Year End Results.*** Preliminary collections for FY02 indicate a 4.5 percent increase from FY01 and compares favorably to the revised forecast of 3.2 percent for the year. This result is based on comparing selected tax revenue and intergovernmental sources in the General Fund and the County's pooled investment income for all funds. Adjusted for general inflation, collections increased 2.1 percent in FY02. Overall, major revenue collections reached \$1.740 billion of which income and property taxes comprised approximately 87 percent of the total.
- ***Income Taxes.*** Collections from income taxes were \$867.0 million for FY02 and, at 6.7 percent, slightly above the revised forecast for FY02. Income taxes remain the largest source of General Fund revenues for the County and have increased \$105.9 million over the past two fiscal years. The growth in income tax revenues, in part, reflected the recognition of capital gains even though the major stock indices have declined dramatically since March 2000. Other factors that contributed significantly to the growth in income tax collections were from fiduciary, which increased 33 percent; penalties and interest, which increased 21 percent; and the one-time tax amnesty program, which accounted for \$2.2 million in FY02. However, while collections from prior years were strong, current year receipts in the midst of weak economic and financial market conditions reflect a sharp slowdown. For example, total quarterly distributions for withholding and estimated payments increased only 1.1 percent during FY02 compared to 6.1 percent during FY01.
- ***Property Taxes.*** Collections from property taxes, including penalty and interest, were \$644.5 million for FY02 and 3.3 percent higher than the previous fiscal year. The amount is on target compared to the revised forecast. Property taxes, excluding penalty and interest, were \$641.3 million in FY02 – an increase of 3.6 percent over last year. However, collections from penalty and interest were \$3.3 million, a decrease of 30.5 percent compared to FY01, but in line with the recent historical collection trend of approximately \$3.0 million annually.
- ***Transfer and Recordation Taxes.*** The strength of the housing market in the County contributed to a significant growth in the collection of transfer and recordation taxes. The combined revenues were at an all-time record high of \$132.1 million compared to \$102.4 million in FY01. Recordation taxes increased 35.7 percent while transfer taxes increased 25.1 percent from the prior year. The dramatic increase in recordation taxes is attributed to the strong residential real estate market and a sharp increase in mortgage refinancing due to record low mortgage rates.
- ***Other Taxes, Highway User Fund, and Investment Income.*** Collections from the lesser sources – fuel and energy, hotel and motel, telephone, and admissions and amusement – were \$43.7 million in FY02, a decrease of 6.3 percent compared to last fiscal year. Only one revenue source, admissions and amusement, experienced an increase. The hotel and motel tax experienced the largest decrease but was in line with the revised forecast. As a result of weak economic conditions, a drop in business travel, and especially the impact from the 9-11 terrorist attack, the drop was initially projected to be much larger. Collections from the highway user tax were \$32.0 million, an increase of 3.3 percent. Because market interest rates are at historic lows income from money market instruments declined 58.2 percent during the fiscal year and are identical to the revised forecast. The average yield for FY02 was 2.61 percent compared to 6.16 percent during FY01.

MONTGOMERY COUNTY
MAJOR REVENUE COLLECTIONS
FISCAL YEAR 2002

<u>TAXES:</u>	REPORTING PERIOD			VARIANCE FY02 / FY01	PERCENT CHANGE	FY02 REVISED FORECAST			PERCENT CHANGE
		FY02	FY01				FY00	VARIANCE FY01 / FY00	
INCOME	JUNE	866,996,269	812,352,208	54,644,061	6.7%	5.7%	761,148,755	51,203,453	6.7%
PROPERTY	JUNE	644,523,032	623,819,662	20,703,370	3.3%	3.6%	610,403,414	13,416,248	2.2%
TRANSFER	JUNE	80,897,902	64,660,270	16,237,632	25.1%	11.6%	64,750,803	(90,533)	-0.1%
RECORDATION	JUNE	51,187,869	37,721,142	13,466,727	35.7%	20.3%	35,020,683	2,700,458	7.7%
FUEL/ENERGY	JUNE	22,415,629	23,197,048	(781,419)	-3.4%	3.0%	21,594,347	1,602,701	7.4%
HOTEL/MOTEL	JUNE	11,067,869	13,137,687	(2,069,817)	-15.8%	-16.6%	10,393,432	2,744,255	26.4%
TELEPHONE	JUNE	7,174,081	7,618,541	(444,460)	-5.8%	2.3%	7,320,839	297,701	4.1%
ADMISSIONS	JUNE	3,046,614	2,684,639	361,975	13.5%	11.4%	3,381,173	(696,534)	-20.6%
<u>MISCELLANEOUS:</u>									
INVESTMENT INCOME	JUNE	20,706,916	49,500,479	(28,793,563)	-58.2%	-58.2%	50,941,151	(1,440,672)	-2.8%
HIGHWAY USER	JUNE	32,011,185	30,987,187	1,023,997	3.3%	0.3%	29,875,002	1,112,185	3.7%
<u>TOTAL</u>		1,740,027,365	1,665,678,862	74,348,503	4.5%	3.2%	1,594,829,600	70,849,262	4.4%

September 4, 2002